



Norman H. Bangerter  
Governor  
Dee C. Hansen  
Executive Director  
Dianne R. Nielson, Ph.D.  
Division Director

# State of Utah

DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

0045

355 West North Temple  
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801-538-5340

## UTAH DIVISION OF OIL, GAS AND MINING FACSIMILE TRANSMISSION COVER SHEET

DATE:

3-19-93

FAX #

(202) ~~842-3777~~ 208-2882

ATTN:

W. Hord Tipton

COMPANY

OSM - R & E

FROM:

Lowell Braxton

DEPARTMENT:

UTAH - Div. Oil, Gas & Mining

NUMBER OF PAGES BEING SENT (INCLUDING THIS ONE): \_\_\_\_\_

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• MESSAGES:

TDN X93-02-250-001, TVI,  
Sunnyside Coal Co



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March 19, 1993

CERTIFIED RETURN RECEIPT REQUESTED  
No. P 540 713 931

W. Hord Tipton, Deputy Director  
Office of Surface Mining  
Department of the Interior  
1951 Constitution Avenue, N.W.  
Washington, D.C. 20240

Dear Mr. Tipton:

Re: Ten-Day Notice (TDN) X93-02-250-001, TV1, Sunnyside Coal Company, Sunnyside Mine, ACT/007/007, Carbon County, Utah

Under 30 C.F.R. § 842.11(b)(1)(iii)(A), I am requesting an informal review of the above-referenced TDN, and the March 11, 1993, Albuquerque Field Office finding that the Division of Oil, Gas and Mining's action requiring Sunnyside Coal Company (SCC) to verify adequacy of bond coverage is inappropriate.

On February 18, 1993, the Division notified SCC that on the basis of two recently acquired property appraisals, the Sunnyside Mine was under-collateralized. The Division gave SCC 60 days from the letter date to demonstrate adequacy of bond.

The collateral bond agreement for the Sunnyside Mine encumbers additional property not the subject of the above noted appraisal that may, upon evaluation by the Division, substantiate adequacy of bond amount. The Division is evaluating the adequacy of the bond based upon information submitted by SCC during the week of March 15, 1993 and other data. At the conclusion of this evaluation, the Division will prepare a Findings and Conclusions document to resolve the question of adequacy of bond for SCC. Prior to preparation of the Findings and Conclusions, I believe OSM and DOGM could agree that a change in collateral values has occurred, but a legal basis of determination of inadequacy of bond might be difficult to sustain.


Page 2  
W. Hord Tipton  
March 19, 1993

Based upon information on hand at the signing of the Findings and Conclusions, we will undertake action in this matter appropriate to the Utah Coal Regulatory Program. DOGM requests OSM stay any action on the subject TDN pending a review of the Findings and Conclusions.

Although not an issue in the TDN, you should be aware that portions of the SCC property are double bonded at this time. The double-bond coverage is for property presently permitted by Sunnyside Cogeneration and SCC. This situation existed at the time of the Division's February 18 letter, and a revision to the SCC permit must be approved by DOGM prior to deobligation of SCC. Any reduction in SCC bond resulting from Sunnyside Cogeneration's new permit will follow appropriate notice and public comment, and will require OSM approval, as the SCC permit is a federal permit.

Utah appreciates the gravity of the situation should the findings and conclusions substantiate inadequate bond coverage for the SCC operation. Upon that determination, the DOGM is prepared to take appropriate enforcement action. In the meantime, we do not believe federal involvement prior to a review of the Division's Findings and Conclusions and course of action will improve the material position on bond adequacy for either of us.

Sincerely,

  
Lowell P. Braxton  
Acting Director

vb  
cc: R. Hagen, OSM  
J. Fielder  
T. Mitchell  
P. Grubaugh-Littig  
suntndn393a